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SUBJECT: SCENESETTER FOR HDAC CODEL VISIT JUNE 30 TO JULY 2

REF: JAKARTA 977 AND PREVIOUS

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¶1. (SBU) SUMMARY: U.S. Embassy Jakarta welcomes CODEL Price to Indonesia. You will arrive one week before Indonesia's second direct Presidential elections, July 8. This is a critical time for building relations between the U.S. and Indonesia, the world's second and third largest democracies. Incumbent candidate President Yudhoyono, a staunch reformist, initiated in 2008 a new comprehensive U.S.-Indonesia partnership including cooperation on education, environment, trade and investment, science and technology, defense cooperation and interfaith dialogue. Secretary Clinton and Foreign Minister Wirajuda's respective visits in 2009 reinforced this partnership. President Obama may follow up with a visit to Indonesia in November.

¶2. (SBU) SUMMARY: (CONT) Indonesia is institutionalizing its democratic transition through reforms, successful elections, and building governance institutions. Indonesia's legislative branch is transforming rapidly, partly thanks to HDAC's strong support, which complements broader U.S. government initiatives to encourage democratic reform in Indonesia. April 9 legislative elections, including in Aceh, were deemed peaceful and successful. HDAC continued successful engagement with the Indonesian legislature (DPR) has facilitated progress on a range of issues affecting U.S. interests in Indonesia. END SUMMARY.

U.S. INDONESIA COMPREHENSIVE PARTNERSHIP

¶3. (SBU) President Yudhoyono proposed that the United States and Indonesia form a comprehensive partnership in a November 2008 speech in Washington. Secretary Clinton endorsed the idea during her February 2009 visit to Jakarta. We are working with the Indonesian Government on three broad areas of cooperation: political and security, economic; and socio-cultural.

¶4. (SBU) In the political and security arena, we hope to complete a Defense Cooperation Agreement, work with Indonesia in promoting democracy and interfaith dialogue and cooperate in peacekeeping, nonproliferation and disaster relief. Our economic cooperation will include an Overseas Private Investment Corporation Agreement. The United States and Indonesia are also pursuing a Science and Technology Agreement, expanded health cooperation, and a debt-for-conservation swap under the Tropical Forest Conservation Act. The US is also a key partner in the Coral Triangle Initiative and was one of the major delegations in supporting

the World Oceans Conference in Manado. On socio-cultural cooperation, we hope to conclude a Peace Corps country agreement soon, and aim to have volunteers in the country by the end of 2009. On education, we have signed a new Fulbright Agreement and are working to increase the number of Indonesian students in the United States and to build partnerships between Indonesian and American Universities. We hope to launch the Partnership during a possible Presidential visit to Indonesia later this year.

PRESIDENTIAL ELECTIONS JULY 8

15. (SBU) Three pairs of candidates are contesting the July 8 Indonesian presidential elections: President Yudhoyono and former Central Bank Governor Boediono; Vice President Jusuf Kalla and retired General Wiranto; and former president Megawati Sukarnoputri with retired General Prabowo Subianto. Both Prabowo and Wiranto, controversial for alleged past human rights abuses, originally nurtured presidential ambitions.

16. (SBU) Incumbent Yudhoyono (whose Partai Demokrat won the legislative elections), is seen as the reformist, clean candidate. He is still a favorite at this point. Some praised his choice of a non-partisan, economically savvy, U.S. educated technocrat as running mate. However, the opposition has labeled Boediono as a "neoliberal" who is too sympathetic to foreign interests.

17. (SBU) If a candidate gets over 50 percent of support on July 8, he or she will win the presidency outright. If no candidate achieves that mark, there will be a second round in September involving the top two finishers.

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LEGISLATIVE ELECTIONS: INDONESIANS INCREASINGLY CONFIDENT IN THEIR DEMOCRACY

18. (SBU) The April 9, 2009 elections were the third successful legislative elections since the advent of democracy in 1998. They were peaceful and Indonesians accepted the results. This was also the first time Indonesian voters were able to directly choose individual representatives. The previous elections were based on party lists. Voters embraced this move and many hope it will strengthen member-constituent relations. The new Parliament will be seated October 1, 2009. You will meet with both current and incoming Parliament members. There was a high turnover of members in the April election, so many of our current interlocutors will not hold seats next term. Seventy percent of the incoming Parliament Members are new; many of them have varied backgrounds and no legislative experience.

19. (SBU) Indonesians are increasingly confident in their democracy. Through free press and active civil society, they are quick to demand corrections when the system is not working. Many chastised the Election Commission (KPU) for its ineffective administration of the legislative elections. Voter list irregularities effectively disenfranchised millions of voters, according to NGOs. The Constitutional Court is reviewing allegations of fraud and other election dispute cases until June 24. Its decisions, considered impartial, are changing the outcomes of some of the legislative election results and re-instilling confidence in the credibility of the election process. Significantly, one of the court's decisions may mean that the current Speaker of the House, Agung Laksono (with whom you will have a courtesy call July 1), could lose his seat.

110. (SBU) Nine parties won parliamentary seats April 9. The top three parties are secular nationalist parties, followed by four Islamic-oriented parties and two parties led by former generals. President Yudhoyono's Partai Demokrat (PD) was the winner, with 20.85% of the popular vote, followed by Vice President Kalla's party, Golkar, and

Megawati's party, The Indonesian Party of Struggle, (PDI-P).

PEACE IN ACEH: NEXT CHALLENGE-GOVERNANCE

¶11. (SBU) As part of the Helsinki MOU, six local political parties participated in Aceh's provincial legislative elections. Local Partai Aceh (PA) won a near majority at the legislative level (33 of 69 seats) and a majority of seats at many of the local levels. PA leaders have requested legislative capacity building from us. PA's ability to govern will directly affect the prospects for continued peace and development in Aceh.

INDONESIA: AN IMPORTANT PARTNER ON BURMA ISSUES

¶12. (SBU) Indonesia has played an important behind-the-scenes role on encouraging democracy and human rights in Burma. President Yudhoyono's Bali Democracy Forum, attended by Burma, is meant to lure the Burmese regime into learning about the benefits of democracy. Indonesia has taken the lead along with Australia in the Bali Process to deal with irregular migration issues. A key element of this is pressing Burma to grant citizenship to Rohingyas and to respect their rights.

CHALLENGES IN PAPUA

¶13. (SBU) Indonesia continues to struggle with governance and development challenges in its eastern most provinces of Papua and West Papua. Despite vast natural resource wealth, Papuans continue to lag behind other Indonesians-a situation that fuels discontent. Implementation of the region's 2001 Special Autonomy Law has lagged due to the provincial government's lack of capacity and the reluctance of some central government ministries to cede control over critical areas. The Indonesian police and military have made significant progress on human rights in Papua although incidents still sometimes occur. A leading government think tank has recently published a plan-The Papua Roadmap-that charts a course for addressing Papua's development deficit and political grievances. However, we do not expect any action on the plan until a new government takes office.

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Mission is aware of Congress' interest in the region, and will continue to pay close attention to developments.

MISSION/HDAC COOPERATION CRUCIAL TO PARTNERSHIP

¶14. (SBU) The U.S. Embassy has been continuously engaged with the DPR, and USAID provides direct assistance to the DPR. HDAC programs are a welcome and complementary initiative that has facilitated progress on a range of issues affecting U.S. interests in Indonesia. For example, the Embassy has engaged key DPR decision makers to encourage implementing legislation for the Cape Town Treaty. This legislation allowed EX-IM to provide a \$1 billion loan to Indonesian companies Lion Air and Garuda Air to purchase Boeing airplanes. Our close cooperation with the DPR will be key for institutional capacity building and democratic reform, particularly since the new DPR will consist of mainly new, inexperienced members. We appreciate the opportunity to continue to jointly encourage Indonesia's growing democracy, and expand the U.S.-Indonesia comprehensive partnership.

NORTH